

Message Text

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ACTION TRSE-00

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AMEMBASSY THE HAGUE

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AMCONSUL NAPLES

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: BANK OF ITALY GOVERNOR CARLI'S RECENT STATEMENTS
ON GOLD

REF: A. ROME 16915 OF 5 DEC 1974

B. STATE 265855

1. GUIDO CARLI, GOVERNOR OF BANK OF ITALY, IN INTERVIEW
RELEASED DECEMBER 17, CRITICIZED US PLANS TO SELL 2 MIL-
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LION OUNCES OF GOLD IN EARLY JANUARY. IN RESPONSE TO

A QUESTION ABOUT HIS THOUGHTS ON THE PROPOSED US GOLD SALE, CARLI REPLIED, "I THINK THAT IT IS A DECISION WHICH IS NOT IN HARMONY WITH THE INTERNATIONAL COOPERATION WHICH EVERYONE DESIRES." HE ADDED THAT THIS ACTION FURTHERMORE DEMONSTRATES "AN ABSENCE OF A COMMON VISION" AMONG THE INDUSTRIALIZED COUNTRIES.

2. IN REGARD TO THE PRICE OF GOLD, CARLI SAID THAT "TO CONTRIBUTE TO DEPRESSING THE PRICE OF GOLD ONLY HEIGHTENS THE RESISTANCE" TO DETERIORATION IN BALANCE OF PAYMENTS POSITIONS IN THOSE COUNTRIES WHICH POSSESS GOLD, AND CARLI IMPLIES THAT THOSE COUNTRIES MAY TAKE INTERNAL OR EXTERNAL RESISTANCE MEASURES AS RESULT. HE ADDED THAT HE DID NOT FIND IT "REASSURING ON THE ONE HAND TO REAFFIRM THAT THE PRICE OF PETROLEUM OUGHT TO COME DOWN WHILE THE RECENT DECISION WAS TO AUGMENT IT, AND ON THE OTHER HAND TO DECIDE TO REDUCE THE VALUE OF AN IMPORTANT COMPONENT OF THE RESERVES OF THE OIL-IMPORTING COUNTRIES." CARLI SAID HE THOUGHT THAT THE ITALIAN GOVERNMENT SHOULD DEFEND THE VALUE OF GOLD AND IS OPPOSED, AS ARE THE OTHER MEMBERS OF THE EUROPEAN COMMUNITY, TO A PROPOSAL WHEREBY THE IMF WOULD SELL IN THE MARKET ANY PART OF ITS GOLD HOLDINGS. CARLI CONCLUDED BY INDICATING THAT ALTHOUGH THERE NOW EXISTS GENERAL AGREEMENT TO REDUCE THE ROLE OF GOLD AS A RESERVE IN THE INTERNATIONAL MONETARY SYSTEM, 85 PERCENT MAJORITY IN THE IMF IS REQUIRED TO APPROVE A PROPOSAL TO SELL IMF GOLD. SINCE THE EUROPEAN COMMUNITY IS OPPOSED TO SUCH A CHANGE, THEIR VIEW WILL PREVAIL.

3. COMMENTS: ARTICLES ON CARLI'S STATEMENT WERE RESTRICTED TO FINANCIAL SECTIONS. HOWEVER, HEADLINES IN ARTICLES FOCUSED ON CARLI'S CRITICISM OF US GOLD SALE. MOST NOTEWORTHY ASPECT OF CARLI'S STATEMENTS WAS CONTRAST HE CLEARLY DREW BETWEEN THE OIL-PRODUCERS' DECISIONS TO INCREASE COST OF PETROLEUM WHILE US ENDEAVORS TO REDUCE VALUE OF GOLD, A MAJOR COMPONENT IN THE INTERNATIONAL RESERVES OF THE INDUSTRIAL COUNTRIES. IN ADDITION, CARLI'S ASSERTION THAT ANY PROPOSAL TO SELL IMF GOLD HOLDINGS WILL BE VOTED DOWN BY THE EEC IN THE IMF IS LIMITED OFFICIAL USE

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STRONG STATEMENT. PRESS DECEMBER 19 REPORTS FROM AUTHORITATIVE BOI SOURCE THAT BANK DOES NOT PLAN AT PRESENT TO REVALUE OFFICIAL GOLD STOCKS FOLLOWING MARTINIQUE AGREEMENT. VOLPE

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